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January 28, 1997

BY HAND

Mr. William F. Caton
Acting Secretary
Federal Communications Commission
1919 M Street, N.W.
Room 222
Washington, D.C. 20554

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JAN 28 1997

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY**

**Re: In the Matter of Policy and Rules Concerning
the Interstate, Interexchange Marketplace;
CC Docket No. 96-61**

Dear Mr. Caton:

Transmitted herewith on behalf of the State of Alaska are an original and eleven copies of the "Opposition of the State of Alaska To Petitions For Reconsideration of Second Report and Order" in the above-referenced proceeding.

In the event there are any questions concerning this matter, please communicate with the undersigned.

Very truly yours,


Robert M. Halperin

Enclosures

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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C.

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JAN 28 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF SECRETARY

In the Matter of)
)
Policy and Rules Concerning the)
Interstate, Interexchange Marketplace)
)
Implementation of Section 254(g) of the)
Communications Act of 1934, as amended)

CC Docket No. 96-61

**OPPOSITION OF THE STATE OF ALASKA
TO PETITIONS FOR RECONSIDERATION OF
SECOND REPORT AND ORDER**

The State of Alaska ("the State"), pursuant to the Commission's public notice of January 7, 1997 (Report No. 2171), as published in the Federal Register on January 13, 1997 (62 Fed. Reg. 1755-56), hereby submits its views on two of the eleven petitions requesting reconsideration of the Commission's Second Report and Order in this docket.¹ These two petitions raise important issues concerning the geographic rate averaging and rate integration requirements of Section 254(g) of the Communications Act of 1934, as amended, and the Commission's rules.

The State opposes the petition for clarification and partial reconsideration of the Ad Hoc Telecommunications Users Committee, *et al.* ("AHTUC") because that petition is based upon the incorrect premise that Section 254(g) does not apply to customer-specific service offerings. Because geographic rate averaging and rate

¹ *Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended*, CC Docket No. 96-61, Second Report and Order, FCC 96-424 (released Oct. 31, 1996).

integration are important federal communications policies mandated by statute, the State supports the petition for partial reconsideration filed by the Rural Telephone Coalition. Grant of this petition would provide ratepayers and state government agencies more information to enforce their statutory rights.

AHTUC Petition. This group seeks reconsideration of the Commission's decision to require public disclosure of the rates, terms and conditions of customer-specific service arrangements. AHTUC claims that such a requirement is unnecessary because, among other things, Section 254(g) of the Communications Act of 1934, as amended -- which imposes geographic rate averaging and rate integration requirements -- does not apply to customer-specific service offerings. AHTUC Petition at 8-9. AHTUC is wrong.

Section 254(g) applies to all interstate interexchange services. The Commission rejected arguments that its geographic rate averaging rules should apply only to residential services and concluded that geographic rate averaging applied to all interexchange telecommunications services.² The Commission also explicitly provided that, consistent with Congressional mandates, rate integration applies to all interstate interexchange service offerings.³ Although the Commission decided to forbear from enforcing geographic rate averaging

² *Policy and Rules Concerning the Interstate, Interexchange Marketplace; Implementation of Section 254(g) of the Communications Act of 1934, as amended*, CC Docket No. 96-61, First Report and Order, 11 FCC Rcd 9564, 9569 at ¶ 9 (1996).

³ *Id.* at 9588, ¶ 52.

requirements against contract tariffs,⁴ no such forbearance was granted with respect to rate integration.⁵ To confirm the application and enforcement of rate integration to customer specific service offerings, the Commission explicitly required that contract tariffs and AT&T Tariff 12 offerings must be offered to all similarly situated customers *regardless of their geographic location*.⁶ Indeed, although the Conference Report on the Telecommunications Act makes clear that forbearance from geographic rate averaging for contract tariffs would be permissible, there is no similar language permitting forbearance from enforcement of rate integration requirements.⁷

Because AHTUC's petition requesting reconsideration of the requirement for public disclosure of information concerning the rates, terms and conditions of customer-specific service arrangements is based on an erroneous legal predicate, it cannot be granted. The information disclosure requirements set forth in the Second Report and Order (or any greater information disclosure requirements the Commission might adopt) should apply to customer-specific service offerings.

Rural Telephone Coalition Petition. Indeed, the State agrees with the Rural Telephone Coalition that the Commission should require greater disclosure of the rates, terms and conditions on which interstate interexchange services are offered.

⁴ *Id.* at 9577, ¶ 27.

⁵ *See id.* at 9588, ¶ 52.

⁶ *Id.* at 9577, ¶ 27.

⁷ H. Rep. No. 104-458, 104th Cong., 2d Sess. 132 (1996).

This group -- an alliance of three trade associations representing small local exchange carriers -- urges the Commission to strengthen the public disclosure provisions of its rules and reform access charges in a manner that will reduce pressures on interexchange carriers to geographically deaverage their rates. Among other things, it requests that the Commission require each nondominant interexchange carrier to post its rates and other terms for service on the Internet; make copies of service terms, rates, and conditions available in an office in each state in which it operates; provide copies of this information to state government officials (consumer protection officials or the State PUC); and provide customers a certified copy upon request.

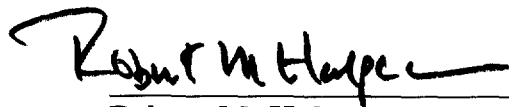
Interexchange telecommunications services are not the same as services that are sold everyday in unregulated marketplaces. Among other things, interstate interexchange telecommunications services are an essential lifeline for millions of Americans. As Congress recognized in other sections of the Telecommunications Act, particularly those adding section 254 to the Communications Act, that lifeline is particularly important to those residing in rural, insular, and high cost areas. Interexchange services are how people in rural, insular and high cost areas receive needed health care services, educational information, and commercial information. Given the remoteness and isolation of many of these locations, interexchange telecommunications may be the only viable method of communicating. The Commission should take steps to assure that people throughout the United States have easy access to information concerning

the rates, terms, and conditions on which interstate interexchange services are provided.

Moreover, the Telecommunications Act makes more clear than ever that the Commission is tasked with the responsibility of assuring that telecommunications services are provided to these Americans in a manner that complies with statutory requirements, including geographic rate averaging and rate integration. The residents of rural Alaska, for example, lack the resources and information necessary to enforce their statutory rights to just, reasonable, nondiscriminatory, affordable, geographically averaged and integrated rates. The Commission cannot reasonably expect them to prosecute complaints with a regulatory agency located many thousands of miles away, particularly if they and their state regulators lack the information necessary to prove their case.

Respectfully submitted,

THE STATE OF ALASKA

A handwritten signature in black ink, appearing to read "Robert M. Halperin", is written over a horizontal line.

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January 28, 1997

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CERTIFICATE OF SERVICE

I hereby certify on behalf of The State of Alaska that a true and correct copy of the foregoing "Opposition of the State of Alaska To Petitions For Reconsideration of Second Report and Order" was served by hand delivery or first-class mail, postage prepaid, this 28th day of January, 1997, upon the following counsel of record.

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